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Of Two Minds - Is Anyone Willing to Call the Top of the Everything Bubble?

charles hugh smith : 5-7 minutes

*Can extremes become too extreme to continue higher?
We're about to find out.*

Is anyone willing to call the top of the Everything bubble? The short answer is no. Anyone earning money managing other people's money cannot afford to be wrong, and so everyone in the herd prevaricates on timing. The herd has seen what happens to those who call the top and then twist in the wind as the market continues rocketing higher.

Money managers live in segments of three months. If you miss one quarter, the clock starts ticking. If the S&P 500 beats your fund's return a second time because you were bearish in a bubble, your doom is sealed.

When the bubble finally pops and everyone but a handful of secretive Bears is crushed, the rationalization will cover everyone's failure: *"nobody could have seen this coming."*

Actually, everyone can see it coming, but the tsunami of central bank liquidity has washed away any semblance of rationality. My friend and colleague Zeus Y. recently summarized the consequences of this decoupling of markets and reality:

"I used to be with the Bears until the uncoupling was complete when the Fed started guaranteeing non-investment grade junk bonds. At that point, any semblance of sanity, much less probity, much less integrity was gone. Rinse and repeat with digital dollars going into the tens and even hundreds of trillions of dollars.

For two decades we fiscal sanity-ists have been assuming SOME baseline reality. I see none in sight and still plenty of assets to plunder and pump and still resources to suck and suckers to shake down. The system is running hot and wild on its own algorithms, and actual people are lying back and simply lapping up the "passive" income created by delusion-made-reality.

With that much will and that much corruption, that much greed and that much lust, with a strong dose of fear and opportunism to flavor this toxic brew, I do not see the entity slouching away from Bethlehem anytime soon (yes, Keats reference). The falcon has long since not heard the falconer in its widening gyre, but we have virtual falcons now that will do whatever we think it is we want (which has been force fed back to us).

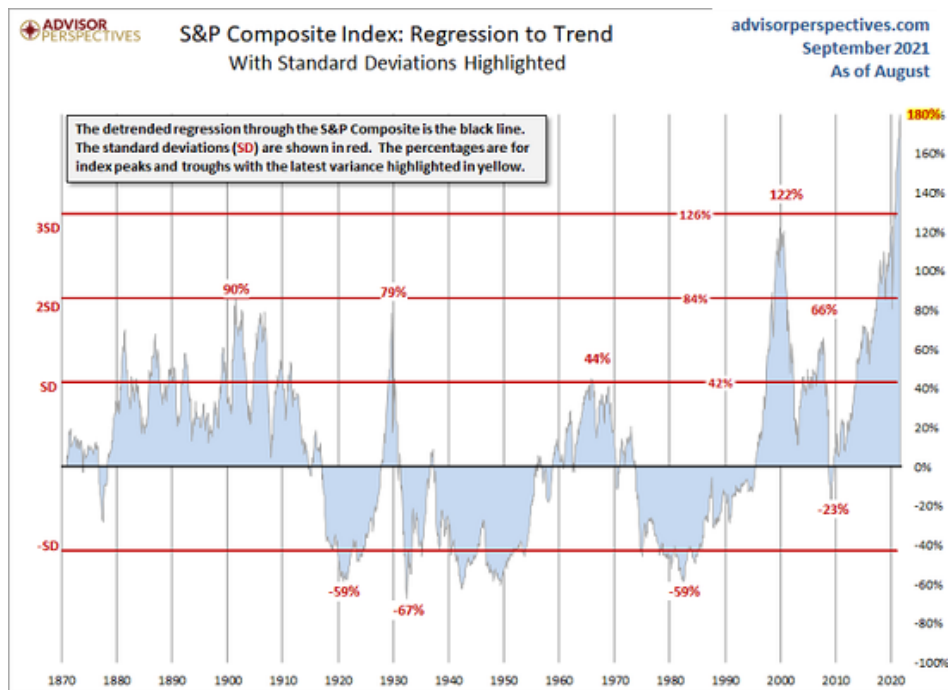
Until this mass delusion and psychosis breaks by whatever means-- financial crash, rebellion against all the BS and return to simple community, we are only going to see digital currency, stocks, and pretty much everything go up as tens of trillions of concocted dollars try to find some asset to ride.

This will (continue to) drive the stock market, gold, cybercurrency, land, everything to unsustainable and giddy heights. I no longer think a Bear market is even possible.

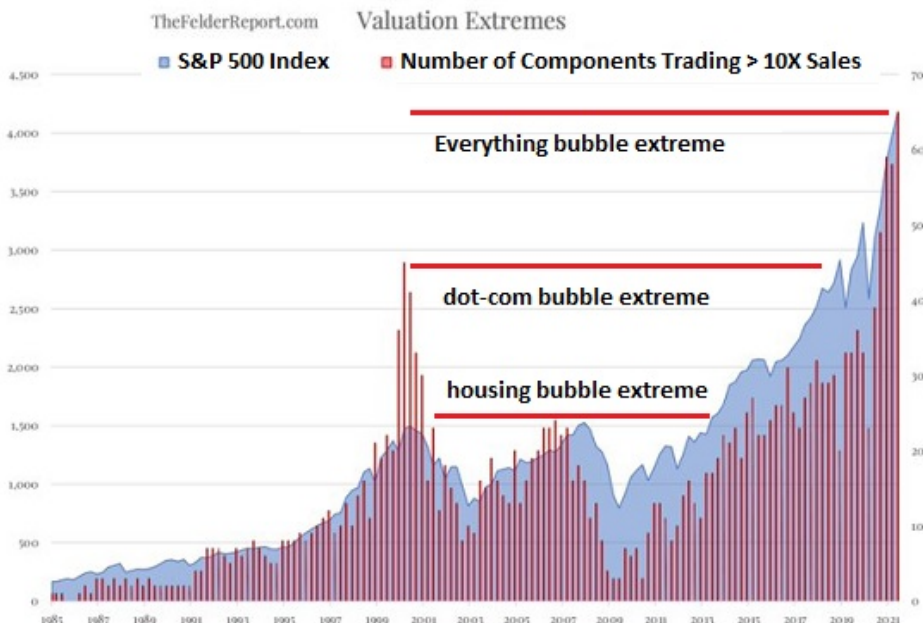
Just soaring "valuations" based on funny money and an unpredictable crash at some point in the future WAY longer than it ever should be if we had a sane world."

Well said, Zeus. It is now irrational to expect markets to ever reconnect with reality. That said, **if you glance at the charts below, this is about as a good a time as any for the bubble to burst.** Recall that bubbles don't need a specific trigger-event to pop, they *simply stop going up*.

Regression to trend: insane extreme.



S&P 500 stocks over 10 times annual sales: insane extreme.



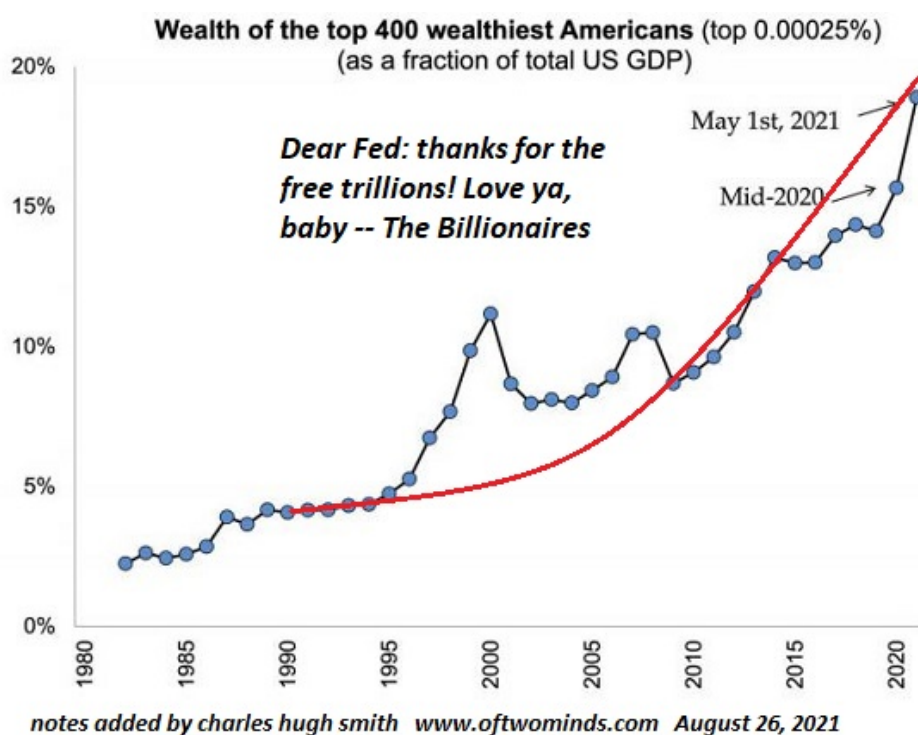
S&P 500 Everything Bubble compared to bubbles #1 and #2: insane extreme.



S&P 500 stocks above their 200-day moving average: insane extreme.



Billionaire wealth increasing in the Everything Bubble: insane extreme.



Are there any limits on irrationality? Apparently not.
But there are still limits in the real world and central bank liquidity is distorting the real world, not just the imaginary world.

At the grave risk of twisting in the wind as the S&P 500 goes to 5,000, 10,000 and 100,000, let's call September 2021 the top of the Everything Bubble. Can extremes become too extreme to continue higher? We're about to find out.

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